

Highlights of the 2006-07 Governor's Budget

Overview

The Governor's Budget proposes \$1.217 billion (\$379.7 million General Fund and \$837.6 million other funds) and 88.7 positions for MRMIB. This represents an increase of \$91.8 million (\$11.1 million General Fund) and approximately 10 positions above the revised 2005 Budget Act. Specific changes impacting MRMIB's budget are as follows:

Healthy Families Program (HFP)

The Governor's Budget fully funds the projected HFP enrollment.

Current Year

- Expenditures & Enrollment

The HFP is funded at \$908.1 million in 2005-06 to serve projected enrollment of 827,298 children by June 30, 2006.

This enrollment level is 40,120 less than projected in the Budget Act, but an increase of 84,954 children and an 11.4% growth rate when compared to the actual 2004-05 year-end enrollment of 742,344. The reduced enrollment results in current year savings of \$50.4 million (\$19.2 million General Fund).

Budget Year

- Expenditures & Enrollment

HFP expenditures for the MRMIB are projected to grow from \$908.1 million (\$326.6 million GF) in 2005-06 to \$1.047 billion (\$377.1 million GF) in 2006-07, an increase of \$50.5 million GF, or 15.5 percent. This increase is primarily the result of enrollment that is projected to grow from 827,298 by year-end 2005-06 to 933,111 in 2006-07, for a total increase of 105,813 children, or 12.8 percent.

- Application Assistance

The budget includes \$38.5 million (\$14.6 million GF) for Certified Application Assistance (CAA) fees and the related enrollment impact. The total funding consists of \$11.8 million (\$4.8 million General Fund) for costs associated with the payment of CAA fees and \$26.7 million (\$9.7 million General Fund) for the additional anticipated enrollment of 33,496 new children into HFP.

- Bridge Performance Standards

No funding or enrollment is anticipated from the Bridge Performance Standards until the Medi-Cal Annual Redetermination (AR) form has been revised to collect the family's signature which authorizes the county to forward the AR to HFP.

- CAHPS

The Budget includes continued funding for the Consumer Assessment of Health Plans Survey (CAHPS).

- Rural Health Demonstration Projects
The Budget includes \$5.8 million (\$2.0 Proposition 99 Funds) to continue funding for the Rural Health Demonstration Projects at the level budgeted in the current year.
- Eliminate Duplicate Healthy Families Program and Medi-Cal Enrollments (BCP)
The budget includes trailer bill language to amend the HFP and AIM statutes to eliminate duplicative HFP enrollment of AIM-linked infants who already have no-cost Medi-Cal or private insurance. In addition, it proposes to expedite the automatic enrollment of AIM infants into HFP by adding statutory language requiring pre-payment of a portion of the HFP premium in conjunction with the collection of the mother's AIM premium. The budget includes one-time budget year funding of \$300,000 (\$195,000 General Fund) for the administrative vendor to make system changes and develop a new AIM program application/handbook prior to the July 1, 2007 implementation date.

As part of the Governor's initiative to enroll all eligible but not yet enrolled children into Medi-Cal and HFP, the budget includes the following proposals in the MRMIB and Department of Health Services budgets:

MRMIB

- Streamline Enrollment Processes for Children's Health Programs (BCP)
The budget includes \$9.5 million (\$3.5 million General Fund) for the enrollment impact in HFP anticipated from the proposed changes in the application process. The budget year funding includes estimated costs for children who are anticipated to enroll earlier as well as an additional 12,400 children which will be enrolled in HFP as a result of this proposal.
 - Currently families can only apply for HFP using a paper application. Only CAA's can use the electronic application. The budget proposes to make an electronic application available to the public.
 - Currently at initial application, the enrollee is required to submit a premium payment and specify which health plan their child(ren) should be enrolled in. Under present practice, the administrative vendor will terminate the application if the premium payment is not provided or the plan choice is not made within 20 days. The budget proposes to discontinue requiring the applicants to submit a premium or make a plan selection at the time of initial application.
- Certified Application Assistance Incentive Payments
The budget includes \$2.5 million (\$1.0 million General Fund) to provide incentive payments for Certified Application Assistants (CAAs) to encourage enrolling more children in Medi-Cal and the Healthy Families Program. Currently a CAA is paid \$50 for each assisted application that results in enrollment and \$25 for each Annual Eligibility Redetermination (AER). To be eligible for the incentive payment the CAA or their Enrollment Entity (EE) would have to increase the number of assisted initial applications or AERs by 20 percent over the prior quarter. The incentive payment would be 40% of the total payments made in the qualifying quarter.

Medi-Cal

- **Grants to Counties**

The budget provides \$20.8 million (\$9.1 million General Fund) for contracts to perform outreach and enrollment activities.

- **Medi-Cal Redetermination Form Simplification**

The budget provides \$45.5 million (\$22.7 million General Fund) for caseload growth as a result of simplifying the Medi-Cal redetermination form to decrease turnover in the program.

- **Media Campaign**

The budget provides \$3.4 million (\$1.4 million General Fund) for a media campaign to encourage the enrollment of all eligible children into a state health program.

[Note: For description of full proposal go to the California Health and Human Services website at <http://www.chhs.ca.gov/CHHSABudget20062007/PDFs/Agency%20Book%20FINAL%201-10-06.pdf> and look up Affordable Health Coverage on page 9.]

County Health Initiative Matching Fund Program (CHIM)

The Governor's Budget includes:

- \$9.8 million in the current year and \$ 3.7 million in the budget year to fund federally eligible children in Healthy Kids programs and other local initiatives. The current year amount reflects retro-active claims back to January 2003.

Access for Infants and Mothers (AIM)

The Governor's Budget fully funds the projected AIM enrollment.

Current Year

- **Expenditures & Enrollment**

Funding for 2005-06 is \$117.4 million (\$56.2 million Proposition 99) to serve a projected annual enrollment of approximately 10,730 new uninsured, pregnant women (894 women per month). This enrollment is 149 higher than projected in the 2005 Budget Act.

Budget Year

- **Expenditures & Enrollment**

The budget proposes \$114.5 million (\$50.4 million Proposition 99) for the AIM program to serve a projected annual enrollment of approximately 12,137 new, uninsured pregnant women (1,011 women per month), which is an annual increase of 1,407 over the current year.

This total budget is \$2.9 million or 2.5 percent less than the proposed current year funding level. The decrease in AIM funding for 2006-07 is primarily the result of the continued decline in enrollment of AIM infants, because infants born to AIM Mothers who enrolled in the program on or after July 1, 2004 are enrolled directly into HFP. The estimate projects that all remaining 2nd year infants will age out of AIM by December 2006.

Major Risk Medical Insurance Program (MRMIP)

- Proposition 99 funding for MRMIP remains at the \$40 million base for the budget year. Program changes enacted in AB 1401 (Chapter 794, Statutes of 2002) have resulted in more slots for MRMIP than would have otherwise been the case.

Support Budget (State Administrative Costs) Current and Budget Year

MRMIB support budget is \$9.8 million (\$2.2 million General Fund) for the current year and \$10.9 (\$2.4 million General Fund) in the budget year. Budget Change Proposals included in the Budget would add 13 positions in the budget year, for a net increase of 10 positions taking into account the 3 limited-term positions expiring in the current year. The positions and related funding are as follows:

- Increased Oversight of Mental Health Services for HFP Enrollees
\$432,000 (\$151,000 from the Mental Health Services Fund (MHS) and \$281,000 in federal funds) in the budget year to secure the necessary resources needed to increase oversight on the delivery of mental health services for HFP enrollees and work with the Department of Mental Health in ensuring that mental health changes associated with Proposition 63 take HFP children's needs into consideration. The total funding includes \$166,000 for 2.0 additional staff and \$266,000 in one-time costs for Phase II and Phase III of an independent evaluation of the HFP Mental Health/Substance Abuse Delivery System.
- Increase Staff to Address Workload
10.0 positions and \$983,000 (\$248,000 GF) in the budget year to enable MRMIB to address current and anticipated workload within the customer service, research, policy, and legal functions. Five of these positions are to enhance the Eligibility Division's ability to process application appeals and conduct oversight reviews of administrative vendor processes.
- Streamline Enrollment Processes for Children's Health Programs
1.0 new position and \$91,000 (\$32,000 General Fund) in the budget year to coordinate activities associated with making the changes in the application process and making the electronic application accessible to the public.

General Budget Overview

Following is a table that shows the total budgeted funds for MRMIB for the prior year, current year, and budget year.

State Support and Local Assistance

Dollars in Millions

Fund Sources	2004-05 Actual	2005-06 Estimated	2006-07 Proposed	\$ Change from 05-06	% Change from 05-06
State (GF)	\$298.4	\$330.0	\$379.7	\$49.7	+15.1 %
Federal	561.7	643.6	732.0	88.4	+13.7 %
Other	74.1	105.1	95.7	-9.4	-8.9 %
County- CHIM	0.0	3.5	1.5	-2.0	-57.1 %
Reimbursements	6.7	8.1	8.3	0.2	0.02 %
Total	\$940.9	\$1,090.3	\$1,217.2	\$126.9	+11.6 %